
By: **Delegates Proctor, Howard, and Vallario**
Introduced and read first time: February 13, 2004
Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Retirement and Pensions - Reemployment of Retirees**

3 FOR the purpose of altering the criteria for hiring certain retirees of the Employees'
4 Retirement System, Employees' Pension System, the Teachers' Retirement
5 System, or the Teachers' Pension System; requiring the State Superintendent of
6 Schools to submit certain reports by a certain date to certain committees;
7 altering the termination dates for certain provisions of law that allow certain
8 retirees to be reemployed by certain employers without having an earnings
9 limitation imposed on their retirement benefit; and generally relating to the
10 reemployment of retirees.

11 BY repealing and reenacting, with amendments,
12 Article - State Personnel and Pensions
13 Section 22-406 and 23-407
14 Annotated Code of Maryland
15 (1997 Replacement Volume and 2003 Supplement)

16 BY repealing and reenacting, with amendments,
17 Chapter 518 of the Acts of the General Assembly of 1999
18 Section 3

19 BY repealing and reenacting, with amendments,
20 Chapter 732 of the Acts of the General Assembly of 2001
21 Section 2

22 BY repealing and reenacting, with amendments,
23 Chapter 733 of the Acts of the General Assembly of 2001
24 Section 3

25 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
26 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - State Personnel and Pensions**

2 22-406.

3 (a) An individual who is receiving a service retirement allowance or vested
4 allowance may accept employment with a participating employer on a permanent,
5 temporary, or contractual basis, if:

6 (1) the individual immediately notifies the Board of Trustees of the
7 individual's intention to accept this employment; and

8 (2) the individual specifies the compensation to be received.

9 (b) (1) The Board of Trustees shall reduce the allowance of an individual
10 who accepts employment as provided under subsection (a) of this section if:

11 (i) the individual's current employer is a participating employer
12 other than the State and is the same participating employer that employed the
13 individual at the time of the individual's last separation from employment with a
14 participating employer before the individual commenced receiving a service
15 retirement allowance or vested allowance;

16 (ii) the individual's current employer is any unit of State
17 government and the individual's employer at the time of the individual's last
18 separation from employment with the State before the individual commenced
19 receiving a service retirement allowance or vested allowance was also a unit of State
20 government; or

21 (iii) the individual becomes reemployed within 12 months of
22 receiving an early service retirement allowance under § 22-402 of this subtitle.

23 (2) The reduction required under paragraph (1) of this subsection shall
24 equal:

25 (i) the amount by which the sum of the individual's initial annual
26 basic allowance and the individual's annual compensation exceeds the average final
27 compensation used to compute the basic allowance; or

28 (ii) for a retiree who retired under the Workforce Reduction Act
29 (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual
30 compensation and the retiree's annual basic allowance at the time of retirement,
31 including the incentive provided by the Workforce Reduction Act, exceeds the average
32 final compensation used to compute the basic allowance.

33 (3) A reduction of an early service retirement allowance under paragraph
34 (1)(iii) of this subsection shall be applied only until the individual has received an
35 allowance for 12 months.

1 (4) Except for an individual whose allowance is subject to a reduction as
2 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an
3 allowance under this subsection does not apply to:

4 (i) an individual who has been retired for more than 10 years;

5 (ii) an individual whose average final compensation was less than
6 \$10,000 and who is reemployed on a temporary or contractual basis;

7 (iii) an individual who is serving in an elected position as an official
8 of a participating governmental unit or as a constitutional officer for a county that is
9 a participating governmental unit;

10 (iv) a retiree of the Teachers' Retirement System:

11 1. who retired and was reemployed by a participating
12 employer other than the State on or before September 30, 1994; and

13 2. whose employment compensation does not derive, in whole
14 or in part, from State funds;

15 (v) a retiree of the Teachers' Retirement System who:

16 1. is or has been certified to teach in the State, IN READING,
17 MATH, SCIENCE, A FOREIGN LANGUAGE, SPECIAL EDUCATION, OR ELEMENTARY
18 EDUCATION;

19 2. has verification of satisfactory or better performance in
20 the last assignment prior to retirement;

21 3. based on the retired teacher's qualifications, has been
22 appointed in accordance with § 4-103 of the Education Article;

23 4. subject to item 5 of this item is employed as:

24 A. a substitute classroom teacher or substitute teacher
25 mentor in a public school that has been recommended for reconstitution, or has been
26 reconstituted, by the State Board of Education, until the public school meets the
27 standards for school performance set by the State Board of Education;

28 B. a classroom teacher or teacher mentor in a public school
29 that has been recommended for reconstitution, or has been reconstituted, by the State
30 Board of Education, until the public school meets the standards for school
31 performance set by the State Board of Education;

32 C. a classroom teacher or teacher mentor in a county [or
33 subject area on a statewide basis] in which the State Board of Education finds that
34 there is a shortage of teachers, until the State Board of Education finds the shortage
35 no longer exists in that county or subject area on a statewide basis; [or]

1 D. a substitute classroom teacher or substitute teacher
2 mentor in a county [or subject area on a statewide basis] in which the State Board of
3 Education finds that there is a shortage of teachers, until the State Board of
4 Education finds the shortage no longer exists in that county [or subject area on a
5 statewide basis];

6 E. A CLASSROOM TEACHER OR TEACHER MENTOR IN
7 READING, MATH, SCIENCE, A FOREIGN LANGUAGE, SPECIAL EDUCATION, OR
8 ELEMENTARY EDUCATION, IF THE STATE BOARD OF EDUCATION FINDS THAT THERE
9 IS A SHORTAGE OF TEACHERS IN THESE SUBJECT AREAS, AND UNTIL THE STATE
10 BOARD OF EDUCATION FINDS THE SHORTAGE NO LONGER EXISTS IN THAT SUBJECT
11 AREA ON A STATEWIDE BASIS; OR

12 F. A SUBSTITUTE CLASSROOM TEACHER OR SUBSTITUTE
13 TEACHER MENTOR IN READING, MATH, SCIENCE, A FOREIGN LANGUAGE, SPECIAL
14 EDUCATION, OR ELEMENTARY EDUCATION, IF THE STATE BOARD OF EDUCATION
15 FINDS THAT THERE IS A SHORTAGE OF TEACHERS IN THESE SUBJECT AREAS, AND
16 UNTIL THE STATE BOARD OF EDUCATION FINDS THE SHORTAGE NO LONGER EXISTS
17 IN THAT SUBJECT AREA ON A STATEWIDE BASIS; and

18 5. receives verification of satisfactory or better performance
19 each year the teacher is employed under item 4 of this item;

20 (vi) a retiree of the Teachers' Retirement System who:

21 1. A. was employed as a principal within 5 years of
22 retirement; or

23 B. was employed as a principal not more than 10 years before
24 retirement and was employed in a position supervising principals in the retiree's last
25 assignment prior to retirement;

26 2. has verification of better than satisfactory performance for
27 each year as a principal and, if applicable, in a position supervising principals prior to
28 retirement;

29 3. based on the retiree's qualifications, has been hired as a
30 principal;

31 4. receives verification of better than satisfactory
32 performance each year the retiree is employed as a principal under item 3 of this
33 item; and

34 5. is not employed as a principal under item 3 of this item for
35 more than 4 years;

36 (vii) a former employee of the Domestic Relations Division of Anne
37 Arundel County Circuit Court who transfers into the State Employees' Personnel
38 System under § 2-510 of the Courts Article; or

1 (viii) a retiree of the Employees' Retirement System who is
2 reemployed on a contractual basis by the Department of Health and Mental Hygiene
3 as a health care practitioner, as defined in § 1-301 of the Health Occupations Article,
4 in:

- 5 1. a State residential center as defined in § 7-101 of the
6 Health - General Article;
- 7 2. a chronic disease center subject to Title 19, Subtitle 5 of
8 the Health - General Article;
- 9 3. a State facility as defined in § 10-101 of the Health -
10 General Article; or
- 11 4. a county board of health subject to Title 3, Subtitle 2 of the
12 Health - General Article.

13 (c) An individual who is receiving a service retirement allowance or a vested
14 allowance and who is reemployed by a participating employer may not receive
15 creditable service or eligibility service during the period of reemployment.

16 (d) The individual's compensation during the period of reemployment may not
17 be subject to the employer pickup provisions of § 21-303 of this article or any
18 reduction or deduction as a member contribution for pension or retirement purposes.

19 (e) The State Retirement Agency shall institute appropriate reporting
20 procedures with the affected payroll systems to ensure compliance with this section.

21 (f) (1) Immediately on the employment of any individual receiving a service
22 retirement allowance or a vested allowance, a participating employer shall notify the
23 State Retirement Agency of the type of employment and the anticipated earnings of
24 the individual.

25 (2) At least once each year, in a format specified by the State Retirement
26 Agency, each participating employer shall provide the State Retirement Agency with
27 a list of all employees included on any payroll of the employer, the Social Security
28 numbers of the employees, and their earnings for that year.

29 (g) The county boards of education shall notify the State Retirement Agency of
30 any retired teachers who qualify under subsection (b)(4)(v) of this section or any
31 personnel who qualify under subsection (b)(4)(vi) of this section.

32 (h) The State Board of Education shall notify the county boards of education
33 of:

- 34 (1) any public school that is recommended for reconstitution or has been
35 reconstituted;

1 (2) any public school that is no longer recommended for reconstitution or
2 is otherwise found to meet the standards for school performance set by the State
3 Board of Education after reconstitution or a recommendation for reconstitution;

4 (3) any county or subject area on a statewide basis in which the State
5 Board of Education finds there is a shortage of teachers; and

6 (4) a finding that there is no longer a shortage of teachers in a county or
7 subject area on a statewide basis.

8 (i) In addition to any regulations adopted in accordance with § 6-202 of the
9 Education Article, the State Board of Education shall adopt regulations concerning
10 the employment terms of retired teachers [and personnel] described in subsection
11 [(b)(4)(vi)] (B)(4)(V) of this section.

12 (j) If the retiree's last assignment prior to retirement was in a position
13 directly supervising principals as provided under subsection (b)(4)(vi) of this section,
14 the county boards of education shall verify for the State Retirement Agency the
15 retiree's employment as a supervisor and a principal.

16 (k) At the request of the State Retirement Agency:

17 (1) a participating employer shall certify to the State Retirement Agency
18 that it is not the same participating employer that employed an individual at the time
19 of the individual's last separation from employment before the individual commenced
20 receiving a service retirement allowance or a vested allowance; or

21 (2) a unit of State government shall certify to the State Retirement
22 Agency that the individual was not employed by any unit of State government at the
23 time of the individual's last separation from employment before the individual
24 commenced receiving a service retirement allowance or a vested allowance.

25 (l) The Department of Health and Mental Hygiene shall notify the State
26 Retirement Agency of any retirees who qualify under subsection (b)(4)(viii) of this
27 section.

28 (M) ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE STATE
29 SUPERINTENDENT OF SCHOOLS SHALL SUBMIT A REPORT TO THE EDUCATION AND
30 ECONOMIC DEVELOPMENT SUBCOMMITTEE OF THE APPROPRIATIONS COMMITTEE,
31 THE EDUCATION, BUSINESS, AND ADMINISTRATION SUBCOMMITTEE OF THE
32 BUDGET AND TAXATION COMMITTEE, AND THE JOINT COMMITTEE ON PENSIONS, IN
33 ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THAT PROVIDES:

34 (1) THE NUMBER OF REHIRED RETIREES UNDER SUBSECTION (B)(4)(V)
35 OF THIS SECTION;

36 (2) THE SCHOOL AND SCHOOL SYSTEM WHERE EACH RETIREE HAS
37 BEEN REHIRED;

1 (3) THE SUBJECT MATTER THAT EACH REHIRED RETIREE IS TEACHING;
2 AND

3 (4) THE SALARIES OF EACH REHIRED RETIREE.

4 23-407.

5 (a) An individual who is receiving a service retirement allowance or a vested
6 allowance may accept employment with a participating employer on a permanent,
7 temporary, or contractual basis, if:

8 (1) the individual immediately notifies the Board of Trustees of the
9 individual's intention to accept this employment; and

10 (2) the individual specifies the compensation to be received.

11 (b) (1) The Board of Trustees shall reduce the allowance of an individual
12 who accepts employment as provided under subsection (a) of this section if:

13 (i) the individual's current employer is a participating employer
14 other than the State and is the same participating employer that employed the
15 individual at the time of the individual's last separation from employment with a
16 participating employer before the individual commenced receiving a service
17 retirement allowance or vested allowance;

18 (ii) the individual's current employer is any unit of State
19 government and the individual's employer at the time of the individual's last
20 separation from employment with the State before the individual commenced
21 receiving a service retirement allowance or vested allowance was also a unit of State
22 government; or

23 (iii) the individual becomes reemployed within 12 months of
24 receiving an early service retirement allowance or an early vested allowance
25 computed under § 23-402 of this subtitle.

26 (2) The reduction required under paragraph (1) of this subsection shall
27 equal:

28 (i) the amount by which the sum of the individual's initial annual
29 basic allowance and the individual's annual compensation exceeds the average final
30 compensation used to compute the basic allowance; or

31 (ii) for a retiree who retired under the Workforce Reduction Act
32 (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual
33 compensation and the retiree's annual basic allowance at the time of retirement,
34 including the incentive provided by the Workforce Reduction Act, exceeds the average
35 final compensation used to compute the basic allowance.

1 (3) A reduction of an early service retirement allowance or an early
2 vested allowance under paragraph (1)(iii) of this subsection shall be applied only until
3 the individual has received an allowance for 12 months.

4 (4) Except for an individual whose allowance is subject to a reduction as
5 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an
6 allowance under this subsection does not apply to:

7 (i) an individual whose average final compensation was less than
8 \$10,000 and who is reemployed on a temporary or contractual basis;

9 (ii) an individual who is serving in an elected position as an official
10 of a participating governmental unit or as a constitutional officer for a county that is
11 a participating governmental unit;

12 (iii) a retiree of the Teachers' Pension System who:

13 1. is or has been certified to teach in the State, IN READING,
14 MATH, SCIENCE, A FOREIGN LANGUAGE, SPECIAL EDUCATION, OR ELEMENTARY
15 EDUCATION;

16 2. has verification of satisfactory or better performance in
17 the last assignment prior to retirement;

18 3. based on the retired teacher's qualifications, has been
19 appointed in accordance with § 4-103 of the Education Article;

20 4. subject to item 5 of this item is employed as:

21 A. a substitute classroom teacher or substitute teacher
22 mentor in a public school that has been recommended for reconstitution, or has been
23 reconstituted, by the State Board of Education, until the public school meets the
24 standards for school performance set by the State Board of Education;

25 B. a classroom teacher or teacher mentor in a public school
26 that has been recommended for reconstitution, or has been reconstituted, by the State
27 Board of Education, until the public school meets the standards for school
28 performance set by the State Board of Education;

29 C. a classroom teacher or teacher mentor in a county [or
30 subject area on a statewide basis] in which the State Board of Education finds that
31 there is a shortage of teachers, until the State Board of Education finds the shortage
32 no longer exists in that county or subject area on a statewide basis; [or]

33 D. a substitute classroom teacher or substitute teacher
34 mentor in a county [or subject area on a statewide basis] in which the State Board of
35 Education finds that there is a shortage of teachers, until the State Board of
36 Education finds the shortage no longer exists in that county [or subject area on a
37 statewide basis];

1 E. A CLASSROOM TEACHER OR TEACHER MENTOR IN
2 READING, MATH, SCIENCE, A FOREIGN LANGUAGE, SPECIAL EDUCATION, OR
3 ELEMENTARY EDUCATION, IF THE STATE BOARD OF EDUCATION FINDS THAT THERE
4 IS A SHORTAGE OF TEACHERS IN THESE SUBJECT AREAS, AND UNTIL THE STATE
5 BOARD OF EDUCATION FINDS THE SHORTAGE NO LONGER EXISTS IN THAT SUBJECT
6 AREA ON A STATEWIDE BASIS; OR

7 F. A SUBSTITUTE CLASSROOM TEACHER OR SUBSTITUTE
8 TEACHER MENTOR IN READING, MATH, SCIENCE, A FOREIGN LANGUAGE, SPECIAL
9 EDUCATION, OR ELEMENTARY EDUCATION, IF THE STATE BOARD OF EDUCATION
10 FINDS THAT THERE IS A SHORTAGE OF TEACHERS IN THESE SUBJECT AREAS, AND
11 UNTIL THE STATE BOARD OF EDUCATION FINDS THE SHORTAGE NO LONGER EXISTS
12 IN THAT SUBJECT AREA ON A STATEWIDE BASIS; and

13 5. receives verification of satisfactory or better performance
14 each year the teacher is employed under item 4 of this item;

15 (iv) a retiree of the Teachers' Pension System who:

16 1. A. was employed as a principal within 5 years of
17 retirement; or

18 B. was employed as a principal not more than 10 years before
19 retirement and was employed in a position supervising principals in the retiree's last
20 assignment prior to retirement;

21 2. has verification of better than satisfactory performance for
22 each year as a principal and, if applicable, in a position supervising principals prior to
23 retirement;

24 3. based on the retiree's qualifications, has been hired as a
25 principal;

26 4. receives verification of better than satisfactory
27 performance each year the retiree is employed as a principal under item 3 of this
28 item; and

29 5. is not employed as a principal under item 3 of this item for
30 more than 4 years;

31 (v) an individual who has been retired for more than 10 years; or

32 (vi) a retiree of the Employees' Pension System who is reemployed
33 on a contractual basis by the Department of Health and Mental Hygiene as a health
34 care practitioner, as defined in § 1-301 of the Health Occupations Article in:

35 1. a State residential center as defined in § 7-101 of the
36 Health - General Article;

1 (i) In addition to any regulations adopted in accordance with § 6-202 of the
 2 Education Article, the State Board of Education shall adopt regulations concerning
 3 the employment terms of retired teachers [and personnel] described in subsection
 4 [(b)(4)(iv)] (B)(4)(III) of this section.

5 (j) If the retiree's last assignment prior to retirement was in a position
 6 directly supervising principals as provided under subsection (b)(4)(iv) of this section,
 7 the county boards of education shall verify for the State Retirement Agency the
 8 retiree's employment as a supervisor and a principal.

9 (k) At the request of the State Retirement Agency:

10 (1) a participating employer shall certify to the State Retirement Agency
 11 that it is not the same participating employer that employed an individual at the time
 12 of the individual's last separation from employment before the individual commenced
 13 receiving a service retirement allowance or a vested allowance; or

14 (2) a unit of State government shall certify to the State Retirement
 15 Agency that the individual was not employed by any unit of State government at the
 16 time of the individual's last separation from employment before the individual
 17 commenced receiving a service retirement allowance or a vested allowance.

18 (l) The Department of Health and Mental Hygiene shall notify the State
 19 Retirement Agency of any retirees who qualify under subsection (b)(4)(vi) of this
 20 section.

21 (M) ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, THE STATE
 22 SUPERINTENDENT OF SCHOOLS SHALL SUBMIT A REPORT TO THE EDUCATION AND
 23 ECONOMIC DEVELOPMENT SUBCOMMITTEE OF THE APPROPRIATIONS COMMITTEE,
 24 THE EDUCATION, BUSINESS, AND ADMINISTRATION SUBCOMMITTEE OF THE
 25 BUDGET AND TAXATION SUBCOMMITTEE, AND THE JOINT COMMITTEE ON PENSIONS,
 26 IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, THAT
 27 PROVIDES:

28 (1) THE NUMBER OF REHIRED RETIREES UNDER SUBSECTION (B)(4)(III)
 29 OF THIS SECTION;

30 (2) THE SCHOOL AND SCHOOL SYSTEM WHERE EACH RETIREE HAS
 31 BEEN REHIRED;

32 (3) THE SUBJECT MATTER THAT EACH REHIRED RETIREE IS TEACHING;
 33 AND

34 (4) THE SALARIES OF EACH REHIRED RETIREE.

35

Chapter 518 of the Acts of 1999

36 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
 37 July 1, 1999. It shall remain in effect for a period of [5] 7 years and, at the end of

1 June 30, [2004] 2006, with no further action required by the General Assembly, this
2 Act shall be terminated and of no further force and effect.

3

Chapter 732 of the Acts of 2001

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 July 1, 2001. It shall remain effective for a period of [3] 5 years and at the end of June
6 30, [2004] 2006, with no further action required by the General Assembly, this Act
7 shall be abrogated and of no further force and effect.

8

Chapter 733 of the Acts of 2001

9 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 July 1, 2001. Section 2 of this Act shall remain effective for a period of [3] 5 years
11 and, at the end of June 30, [2004] 2006, with no further action required by the
12 General Assembly, Section 2 of this Act shall be abrogated and of no further force and
13 effect.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2004.